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ABSTRACT

This document is a report of the audit of Higher Education Services Corporation's (HESC's) audit of the Tuition Assistance Program (TAP) at Nassau Community College (New York). A randomly selected sample of 200 out of 20,062 student TAP awards certified by the community college was reviewed and analyzed. Findings determine that the community college was overpaid $374,680 because school officials incorrectly certified students as eligible for TAP financial awards. The audit reviewed records and procedures used in administering the TAP from 1994 through 1997. Students who did not enroll, did not attend the community college full time, did not meet residence requirements, were in poor academic standing, and used incorrect information had their awards disallowed in compliance with state law. The report provides the criteria used in the audit and specific references to the relevant state law. Recommendations to the State Education Department, HESC, and the community college are included. (MKF)

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ED 463 023

Nassau Community College:

Higher Education Services Corporation Tuition Assistance Program

Report

Jerry Barber

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H. CARL McCALL
STATE COMPTROLLER

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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

July 27, 1999

Mr. Richard Mills
Commissioner
State Education Department
Education Building
Albany, NY 12234

Mr. Robert J. Maurer
President
Higher Education Services Corporation
99 Washington Avenue
Albany, NY 12255

Re: Nassau Community College
Report 98-T-4

Dear Mr. Mills and Mr. Maurer:

According to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution, Article II, Section 8 of the State Finance Law and a Memorandum of Agreement dated December 1, 1989 involving the State Comptroller, the Commissioner of Education, the President of the Higher Education Services Corporation (HESC), and the Director of the Budget, we audited the records and procedures used in administering the Tuition Assistance Program (TAP) at Nassau Community College (Nassau) for the 1994-95 through 1996-97 academic years.

Summary Conclusions

In accordance with Section 665(3)(b) of the Education Law (Law), we determined that Nassau was overpaid $374,680 because school officials incorrectly certified students as eligible for TAP awards. We tested the accuracy of Nassau's TAP certifications for the three years ended June 30, 1997 using a statistical sample of 200 randomly selected awards of the 20,062 awards that Nassau certified. From our statistical sample, we disallowed 12 awards totaling $7,684. A statistical projection of these audit disallowances to the entire population, using a 95 percent single-sided confidence level, results in an audit disallowance of $369,517. We also disallowed seven awards totaling $5,163 based on our review of other awards from outside the sample period. Therefore, the total disallowance is $374,680. However, after bringing these matters to Nassau officials attention, they submitted Student Certification Change Forms to HESC to decertify four awards. To date, one decertification was posted totaling $954. Therefore, we recommend that HESC recover the total $373,726, less other decertified awards, plus applicable interest from Nassau.

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Background

Nassau, located in Garden City, is one of the 30 two-year degree granting community colleges in the State University of New York (SUNY) system. Nassau offers Associate of Arts, Associate of Science and Associate of Applied Science degrees and certificates in a number of programs that are approved by the State Education Department (SED) for tuition assistance eligibility.

TAP is the largest of the various student grant and scholarship programs administered by HESC. It is an entitlement program designed to provide tuition aid to eligible full-time students who are enrolled in a variety of programs.

Draft copies of this report were provided to SED, HESC, SUNY and Nassau officials for their review and comment. We have considered their comments in preparing this report.

Audit Scope

The objective of our financial and compliance audit was to determine whether Nassau management complied with the Law and the Commissioner of Education's Rules and Regulations (Regulations) for certifying students as eligible for TAP awards. The scope of our audit did not include reviewing the records and procedures of HESC as they relate to determining the amount of the awards.

According to HESC's records, Nassau certified 9,783 students for 20,062 TAP awards totaling $12,555,586 during the 1994-95 through 1996-97 academic years. We selected and reviewed a statistical sample of 200 awards totaling $121,955 for the three-year period ended June 30, 1997. We also reviewed other awards that came to our attention during the audit.

We did our audit according to generally accepted government auditing standards. Such standards require that we plan and do our audit to adequately assess those operations of Nassau which are included within our audit scope. These standards also require that we review and report on Nassau's internal control system and its compliance with those laws, rules and regulations that are relevant to Nassau's operations and are included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operating records and applying such other auditing procedures as we consider necessary. An audit also includes assessing the estimates, judgments and decisions made by management. We believe that our audit provides a reasonable basis for our findings, conclusions and recommendations.

In planning and doing our audit of Nassau, we reviewed management's internal control system. Our audit was limited to a preliminary review of the internal control system to obtain an understanding of the environment and the flow of transactions through the accounting system and other systems supporting the claims for student financial aid.

Nassau management is responsible for complying with the Law and the Regulations. In connection with our audit, we performed tests of Nassau's compliance with certain provisions of the Law and the Regulations. Our objective in performing these tests was to obtain reasonable assurance that the TAP awards Nassau received were for eligible students. Our objective was not to provide an opinion on Nassau's overall compliance with the Law and the Regulations.

The results of our tests indicate that, with respect to the items tested, Nassau was generally in compliance with the provisions of the Law and the Regulations relating to students' TAP eligibility, except as noted in the following section of this report.

Audit Disallowances

The following table summarizes the disallowances that resulted from our audit.

Reason for Disallowance	Number of Awards	Amount	Total
Disallowances from the Statistical Sample:			
Students Not in Full-Time Attendance	8	$5,280	
Students Not Meeting Residency Requirement	3	2,317	
Tuition Not Correctly Reported to HESC	1	87	
Total Sample Disallowances	12	$7,684	
Projected Amount			$369,517
Disallowances from Outside the Statistical Sample Period:			
Student Not in Full-Time Attendance	1	$ 50	
Students Not Matriculated	6	5,113	
Student Not in Good Academic Standing	1	887	
Total Disallowances from Outside the Sample	8	6,050	
Less: Disallowance for More Than One Reason	1	887	
Net Disallowances from Outside the Sample	7		5,163
Total Audit Disallowance			$374,680
Less: Decertified Award			954
Audit Disallowance			$373,726

The various types of disallowances are discussed in the following sections of this report. The students' names and related information were provided to Nassau officials separately.

Students Not in Full-Time Attendance

Criteria - Section 661 of the Law requires that students must be in full-time attendance for TAP eligibility. Section 145-2.1 of the Regulations defines full-time study as enrollment for at least 12 credit hours a semester for a semester of fifteen weeks or its equivalent. Chief Executive Officers Memorandum (CEO) No. 86-17 states "if a student repeats a course in which a passing grade acceptable to the institution has already been received, the course cannot be included as part of the

student's minimum full-time course load for financial aid purposes." The CEO also requires that the student's minimum course load be creditable toward the degree in which the student is enrolled.

Audit Determination - We identified nine awards paid to nine students who did not maintain full-time status. Four of these students were enrolled in fewer than 12 credit hours applicable to the degree program they were enrolled in. Four students were enrolled in fewer than 12 credit hours applicable to their program, because they were repeating courses in which they had already received a passing grade. Therefore, those courses cannot count toward full-time status. The last student had enrolled in 12 credits, however Nassau officials notified her prior to the start of the semester that one three credit course had been canceled. She did not register for another course to return to full-time status as recommended by Nassau officials.

School Officials' Position - Nassau officials stated that the four students were full time because "all courses taken were for registered Associate Degree programs, albeit not necessarily for the particular programs in which the students were officially enrolled at the particular time." Some students intended to change their program, but had not filed the required paperwork timely. Nassau officials believe that since the students were enrolled in a full-time course load and were registered in an approved program they were eligible for their awards.

Nassau officials agreed that three of the four students were enrolled in courses they had previously passed. However, they stated that the fourth student originally took the course in a semester during which she was enrolled in at least 15 credits. Since this student needed to be enrolled in only 12 credit hours to be eligible for TAP in that term, TAP had not paid for that three-credit hour course. Therefore, TAP should have been allowable for the course when she repeated it.

Nassau officials stated that the last student was notified to come to the Registrar's office to add a replacement course to maintain full-time status but she failed to do so. Nassau has decertified this award.

Auditors' Comments - Based on our analysis of the program requirements for the four students and the courses they were enrolled in, we conclude that these courses are not applicable toward degree requirements.

For the student who repeated a previously passed course, the school's argument is without merit. Regardless of whether the student had received TAP previously, during the semester in question, she was repeating a course for which she had earned a passing grade and which had been credited toward her degree. Therefore, this course cannot be counted again toward full-time status. We have subtracted the decertified award from the total audit disallowance.

Students Not Meeting Residency Requirement

Criteria - Section 661 of the Law states: " . . . an applicant for an award at the undergraduate level of study must . . . have been a legal resident of the state for at least one year immediately preceding the beginning of the semester, quarter or term of attendance for which application for assistance is made . . . . " Further, HESC's Manual on Programs and Procedures stipulates that institutions should not certify eligibility for State awards for any student whose New York State residency is suspect.

Audit Determination - We found that Nassau officials certified three awards for three students who did not meet the residency requirement (Students A-C). The documents in these students' folders indicated that they were not New York State residents for at least one year prior to receiving their first TAP award.

School Officials' Position - School officials agree that Student A did not meet citizenship requirements at the beginning of the semester in question. However, since the student's visa was changed to a TAP-eligible classification before the end of the semester, officials believe the student became eligible for TAP.

Nassau officials stated that they are taking corrective actions to decertify the awards for Student's B and C. However, they do not feel that they are at fault for improperly certifying these students' awards. They stated that Student B made misrepresentations on the TAP application relating to her residency requirement. Nassau stated that although Student C's Federal aid file contained residency information, the Federal information is not used in determining eligibility for State TAP awards. Since Nassau officials are decertifying these awards, they believe that we should eliminate the awards from our statistical projection.

Auditors' Comments - The Regulations require that Student A must be a resident for at least one year immediately preceding the beginning of the semester that TAP is received. Since this student's visa status was changed during the semester, he was not eligible for TAP for the semester in question.

Since this information was contained within the students' folders, Nassau officials should have resolved these inconsistencies prior to certifying these students for their TAP awards. Additionally, we cannot eliminate from our statistical projection the two awards Nassau is decertifying. Each award in our statistical sample represents a portion of the total population and each disallowance represents a portion of the total number of errors in the population. However, after HESC officials have processed these award decertifications, HESC will deduct the individual award amounts from the recommended disallowance.

Students Not Matriculated

Criteria - Section 661 of the Law states that a student must be matriculated in an approved program to be eligible to receive State financial aid. Section 145-2.4 of the Regulations states: "A student shall be considered in matriculated status if . . . the institution has taken into account the capacity of the student to undertake a course of study and its own capacity to provide instructional and other support the student needs to complete the program. . . ." Section 52.2 of the Regulations states, "the admission of a student shall be determined through an orderly process using published criteria which shall be uniformly applied."

Meeting this criteria is demonstrated by students meeting the school's admission criteria as published in its catalog. Nassau's published admission criteria require a student to have a high school diploma or its equivalent, and complete an application. In addition, all applicants for matriculated status are required to take assessment tests in order to be matriculated. If no assessment test is taken, the student can earn matriculation by taking English 101, a Math or Science Course for three to four credit hours and a three-credit elective course. A transfer student is exempted from the test if the student shows documentation that he or she successfully completed both a college-level course

equivalent to Nassau's English 101 and a Mathematics course equivalent to Nassau's MAT 109 or higher. No student can receive a degree until matriculated status has been formally granted.

Audit Determination - We identified six awards that were paid to three students who were not properly matriculated. We found no evidence that these students took the placement test or met the criteria to earn matriculation.

School Officials' Position - Nassau officials stated that the three students were exempted from placement testing when they were admitted to Nassau because they had earned credit for English 101 through advanced placement or through transferred credit from a similar course. Officials explained that school policy, which was applied consistently to incoming students at that time, was to omit the Math requirement.

Auditors' Comments - We consulted with SED officials to determine the adequacy of Nassau officials matriculation practices. SED concluded that although school officials may exercise some discretion, the school's written policy takes precedent over the school's practice. Therefore, we maintain our disallowances for the two students who were matriculated after having completed only English 101, but not the required Math course. The third student completed English 101 in Fall 1992, but she did not complete her math requirement until Spring 1993. Therefore, she did not earn matriculation and achieve TAP eligibility until after that time.

Student Not in Good Academic Standing

Criteria - Section 665 of the Law requires that students be in good academic standing to be eligible to receive TAP awards. Section 145-2.2 of the Regulations states that to maintain good academic standing a student must maintain satisfactory academic progress toward completion of a program and pursue the program of study in which he or she is enrolled. A student is pursuing the approved program of study if, during each term of study for which an award is received, the student receives a passing or failing grade in a predetermined percentage of the minimum full-time course load based on the student's TAP payment level.

When students fail to maintain good academic standing, they lose prospective TAP eligibility. Students can regain good academic standing by making up the deficiencies at their own expense, obtaining a waiver, remaining out of school for at least one calendar year or transferring to another institution.

Audit Determination - We identified one award paid on behalf of a student who failed to maintain good academic standing because he did not earn passing or failing grades in enough courses to meet the pursuit of program requirement. Therefore, he was not eligible for this award.

School Officials' Position - School officials agree with this finding.

Student's Tuition Incorrectly Reported to HESC

Criteria - Section 665(3)(a) of the Law requires that participating institutions certify the amount of tuition liability actually incurred by each student receiving a TAP award.

Audit Determination - We found that Nassau officials did not report the correct tuition to HESC for one student's award. We requested that HESC staff recalculate the TAP award for this student using the correct tuition amount. The recalculation of this award, based on the actual tuition charged to the student, resulted in an $87 reduction of the student's award.

School Officials' Position - Nassau officials submitted a Student Certification Change Form to HESC correcting the tuition and adjusting the amount of the student's TAP award.

Auditors' Comments - After HESC officials have made the adjustments to the student's award, HESC will subtract the adjusted award amount from the recommended disallowance.

Recommendations to the Higher Education Services Corporation

1. *Recover the $373,726, less any decertified awards; plus applicable interest from Nassau Community College for its incorrect TAP certifications.*

2. *Ensure that Nassau Community College officials accurately report students' tuition charges and post TAP awards as required.*

Recommendation to the State Education Department

Ensure that Nassau Community College complies with the SED regulations cited in this report.

Major contributors to this report were Frank Russo, Kenneth I. Shulman, April Neitlich, Salvatore D'Amato, Yelena Feldman and Donald Collins.

We wish to express our appreciation to the management and staff of Nassau Community College for the courtesies and cooperation extended to our auditors during this audit.

Very truly yours,

Jerry Barber
Audit Director

cc: Chancellor Ryan
Charles Conaway
Sean Fanelli
John Murphy

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